

**Introduced by Senator Thompson**

February 28, 1997

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An act to amend Section 63000 of the Government Code, relating to state infrastructure.

LEGISLATIVE COUNSEL'S DIGEST

SB 1184, as introduced, M. Thompson. California Infrastructure and Economic Development Bank.

Under the Bergeson-Peace Infrastructure and Economic Development Bank Act, the California Infrastructure and Economic Development Bank is authorized to make secured loans and undertake related activities for the purpose of financing projects, as defined, that relate to infrastructure improvements.

This bill would state a finding and declaration by the Legislature that the bank shall serve as the administration's consolidated "one stop shop" for dealing with this state's public and private infrastructure needs, eliminate duplication in decisionmaking, and create a single contact point for the Trade and Commerce Agency's infrastructure financing activities.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 63000 of the Government Code  
2 is amended to read:

1 63000. The Legislature finds and declares the  
2 following:

3 (a) Economic revitalization, future development, and  
4 a healthy climate for jobs in California will depend upon  
5 a well-conceived system of public improvements that are  
6 essential to the economic well-being of the citizens of the  
7 state and are necessary to maintain, as well as create,  
8 employment within the state for business.

9 (b) It is necessary for public policy to support the  
10 efforts of businesses attempting to expand, businesses  
11 seeking to locate in California, and local economic  
12 development organizations, public agencies, and new  
13 entrepreneurs by dedicating public fiscal resources to  
14 confront obstacles and barriers that impede economic  
15 growth.

16 (c) Existing mechanisms that coordinate federal,  
17 state, local, and private financial resources are  
18 inadequate to attract and sustain that level of private  
19 investment that is essential to a growth economy.

20 (d) The high cost and limited availability of loans and  
21 capital has led a number of states to take action to remedy  
22 these conditions through concerted public and private  
23 investment programs that include efforts to do the  
24 following:

25 (1) Use the state's access to capital markets more  
26 effectively for economic development.

27 (2) Create financing pools to access national capital  
28 markets or help government sponsors and public-private  
29 economic development organizations obtain credit  
30 enhancement on their own.

31 (3) Facilitate credit enhancement for selected specific  
32 projects.

33 (4) Provide or arrange for loan insurance.

34 (5) Create and support secondary markets for loan  
35 portfolios of urban and rural economic development  
36 corporations and others.

37 (6) Improve access to international capital markets.

38 (7) Provide opportunities for public pension funds and  
39 other institutional investors to play a larger role in state  
40 economic development.

1 (8) Arrange for or provide subordinated debt for  
2 selected projects.

3 (9) Increase support for local infrastructure  
4 development.

5 (e) Local governments in California bear a primary  
6 responsibility for the business of promoting job creation  
7 and economic development efforts. California's  
8 continued reliance on autonomous local entities often  
9 fails to adequately consider regional impacts of business  
10 expansion. Projects of a regional nature need the benefit  
11 of a state coordinating function to augment and enhance  
12 local economic development and environmental efforts.

13 (f) The State of California has not embarked on a  
14 major infrastructure financing effort since the decade of  
15 the 1960's, despite persistent unemployment and soaring  
16 population growth.

17 (g) California's ability to compete in a global economy  
18 depends upon its capacity to implement policies that take  
19 maximum advantage of public and private resources at  
20 the local, regional, state, and national levels. These  
21 policies should be coordinated with any future legislative  
22 plan involving growth management strategies designed  
23 to make economic growth compatible with  
24 environmental protections. It is the intent of the  
25 Legislature in enacting this act to create a mechanism to  
26 finance projects needed to implement economic  
27 development and job creation and growth management  
28 strategies, and to provide a secure and stable funding  
29 source for implementation of this act in order to meet  
30 critical economic, social, and environmental concerns.

31 (h) The State of California needs a financing entity  
32 structured with broad authority to issue bonds, provide  
33 guarantees, and leverage state and federal funds using  
34 techniques that will target public investment to facilitate  
35 economic development. The goal is to produce more  
36 private sector jobs with less public sector investment.

37 (i) The mechanisms for financing public  
38 improvements and private job creation strategies  
39 provided for in this act are in the public interest, serve a

1 public purpose, and will promote the health, welfare, and  
2 safety of the citizens of the state.

3 (j) The public policies and responsibilities of the state,  
4 including all of the above purposes and functions, cannot  
5 be fully obtained without the use of financing assistance  
6 and can be most effectively furthered by the creation of  
7 the California Infrastructure and Economic  
8 Development Bank.

9 (k) *The California Infrastructure and Economic*  
10 *Development Bank shall serve as the administration's*  
11 *consolidated "one stop shop" for dealing with this state's*  
12 *public and private infrastructure needs. The single entity*  
13 *shall eliminate duplication in decisionmaking and create*  
14 *a single contact point for the Trade and Commerce*  
15 *Agency's infrastructure financing activities.*

